8229

REPORT

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3

DECEMBER 31, 2007 AND 2006

MARRERO-RAGUSA VOLUNTEER
FIRE COMPANY, NO. 3

REPORT INDEX

DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITOR'S REPORT

June 13, 2008

Board of Directors
Marrero-Ragusa Volunteer Fire
Company, No. 3
Marrero, Louisiana

We have audited the accompanying statements of financial position of Marrero-Ragusa Volunteer Fire Company No. 3 (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marrero-Ragusa Volunteer Fire Company No. 3 as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June13, 2008 on our consideration of Marrero-Ragusa Volunteer Fire Company No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS

	2007	2006
CURRENT ASSETS:		
Cash and cash equivalents (Notes 1 and 2)	$ 75,247	$ 116,895
Investments (Note 3)	14,650	34,090
Accounts receivable	-	216
Total current assets	89,897	151,201
Property and equipment, net of accumulated depreciation (Note 4)	807,198	887,812
TOTAL ASSETS	$ 897,095	$ 1,039,013

LIABILITIES AND NET ASSETS

	2007	2006
CURRENT LIABILITIES:		
Payroll liabilities	$ 15,884	$ 21,848
Accounts payable	-	8,623
Accrued interest payable	3,684	5,370
Compensated absences (Note 6)	11,708	16,659
Capital lease obligations (Note 7)	66,144	62,771
Total current liabilities	97,420	115,271
LONG-TERM LIABILITIES:		
Capital lease obligations, net of current portion (Note 7)	62,807	126,071
Total long-term liabilities	62,807	126,071
Total liabilities	160,227	241,342
Unrestricted net assets	736,868	797,671
Total net assets	736,868	797,671
TOTAL LIABILITIES AND NET ASSETS	$ 897,095	$ 1,039,013

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
UNRESTRICTED NET ASSETS:		
REVENUE:		
Contract revenue:		
Firefighting contract	$ 1,104,000	$ 1,064,333
Jefferson Parish insurance rebate	45,834	42,781
Donated firefighting services (Note 5)	-	-
Operating Budget - Ad valorem	84,165	91,667
Gain on sale of asset	-	-
Grant (Note 14)	88,536	130,651
Insurance proceeds	-	35,676
Interest	3,586	2,115
Rent (Note 13)	13,200	15,983
Other	9,496	7,734
Social funds	3,482	4,368
Total revenue	1,352,299	1,395,308
EXPENSES:		
Program services - firefighting (Pages 5 and 6)	1,298,496	1,189,769
Supporting services - management and general (Pages 5 and 6)	114,606	96,759
Total expenses	1,413,102	1,286,528
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(60,803)	108,780
Net assets - beginning of year	797,671	688,891
NET ASSETS - END OF YEAR	$ 736,868	$ 797,671

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Firefighting	Management and General	Total
EXPENSES:			
Accounting and legal	$ -	$ 11,550	$ 11,550
Arson investigation	3,099	-	3,099
Bank charges	-	1,357	1,357
Convention expenses	9,157	-	9,157
Depreciation	157,354	-	157,354
Donated firefighting services	71	-	71
Dues and subscriptions	-	2,275	2,275
Equipment	18,245	-	18,245
Fire prevention	3,209	-	3,209
Fire station supplies	41,295	-	41,295
Fuel	17,588	-	17,588
Golf tournament	1,097	-	1,097
Insurance	224,662	-	224,662
Interest expense	11,933	-	11,933
Medical expenses	-	2,730	2,730
Office expense	-	7,622	7,622
Payroll taxes	67,672	3,255	70,927
Radio expense	7,806	-	7,806
Repairs - station and vehicles	59,432	-	59,432
Retirement contribution	17,098	858	17,956
Salaries and wages	641,760	32,248	674,008
Social expenses	-	15,125	15,125
Taxes and licenses	10,427	-	10,427
Telephone and utilities	-	37,586	37,586
Training and travel	3,102	-	3,102
Uniforms	3,489	-	3,489
TOTAL	$ 1,298,496	$ 114,606	$ 1,413,102

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Firefighting	Management and General	Total
EXPENSES:			
Accounting and legal	$ -	$ 13,153	$ 13,153
Arson investigation	2,696	-	2,696
Bank charges	-	1,094	1,094
Convention expenses	7,201	-	7,201
Depreciation	165,126	-	165,126
Donated firefighting services	400	-	400
Dues and subscriptions	-	2,410	2,410
Equipment	18,644	-	18,644
Fire prevention	-	-	-
Fire station supplies	31,112	-	31,112
Fuel	13,849	-	13,849
Golf Tournament	-	-	-
Insurance	177,663	-	177,663
Interest expense	12,952	-	12,952
Medical expenses	-	2,138	2,138
Office expense	-	5,540	5,540
Payroll taxes	55,657	3,590	59,247
Radio expense	1,300	-	1,300
Repairs - station and vehicles	62,338	-	62,338
Retirement contribution	12,580	340	12,920
Salaries and wages	617,616	28,688	646,304
Social expenses	-	7,553	7,553
Taxes and licenses	3,793	-	3,793
Telephone and utilities	-	32,253	32,253
Training and travel	440	-	440
Uniforms	6,402	-	6,402
TOTAL	$ 1,189,769	$ 96,759	$ 1,286,528

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (60,803)	$ 108,780
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	157,354	165,126
(Increase) decrease in:		
Accounts receivable	216	(216)
Increase (decrease) in:		
Accounts payable	(8,623)	(13,847)
Payroll liabilities	(5,964)	4,149
Accrued interest payable	(1,686)	(1,590)
Compensated absences	(4,951)	(13,508)
Net cash provided by operating activities	75,543	248,894
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of interest in Louisiana Asset Management Pool (LAMP)	(83,360)	(119,914)
Gross proceeds from sale of interest in LAMP	102,800	97,000
Acquisition of equipment	(76,740)	(138,869)
Net cash used by investing activities	(57,300)	(161,783)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease payments	(59,891)	(59,015)
Net cash used by financing activities	(59,891)	(59,015)
NET INCREASE (DECREASE) IN CASH	(41,648)	28,096
Cash at beginning of year	116,895	88,799
CASH AT END OF YEAR	$ 75,247	$ 116,895
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 13,619	$ 14,542

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

ORGANIZATION:

Marrero-Ragusa Volunteer Fire Company No. 3 (the Company) was established in 1954 to provide firefighting and rescue service to a designated area of the Eighth Fire District on the West Bank of Jefferson Parish, Louisiana (a separate entity). In addition, the Company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The Company maintains three fire stations and has nineteen paid employees and approximately twenty-five volunteers. The Company's main source of revenue is a fire protection contract with Jefferson Parish effective for the period June 1, 2004 through May 31, 2014. The contract was adopted by the Jefferson Parish Council on May 25, 2005 by resolution number 103561.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the fire company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting and Financial Statement Presentation:

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The fire company follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Nonprofit Organizations*. Under SFAS No. 117, the fire company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the fire company is required to present a statement of cash flows. As of December 31, 2007 and 2006, the fire company had only unrestricted net assets.

The statement of activities presents expenses of the fire company's operations functionally between program service for firefighting, administrative and general and social. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Contributions:

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions: (Continued)

SFAS No. 116 provides that the value of donated services is to be recognized in financial statements if the services require specialized skills, are provided by persons possessing those skills, and the services would be purchased if they were not donated. The Company's volunteer firefighters undergo extensive specialized training, and the firefighting services would have to be purchased by the Company or Jefferson Parish if the services were not provided by volunteers. Accordingly, donated firefighting services are recognized in the financial statements at estimated fair value.

Income Taxes:

The Company is exempt from income taxes under Internal Revenue Code Section 501(c)(4) as a nonprofit organization and, accordingly the financial statements do not reflect a provision for income taxes.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, Marrero-Ragusa considers cash in operating bank accounts, demand deposits, cash on hand, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents.

Deposits:

The fire company's bank deposits were fully covered by federal depository insurance and securities pledged by the financial institution and held in the name of the fire company.

Property and Equipment:

Acquisitions of property and equipment in excess of $5,000 and expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at acquisition cost, or estimated historical cost if acquisition cost is not available. Depreciation is provided for in amounts sufficient to relate the cost of depreciable property and equipment to operations over their estimated useful lives using the straight-line method. Estimated useful lives of property and equipment are as follows:

Automobiles	3 - 5 years
Furniture and fixtures	5 - 10 years
Firefighting and rescue equipment	3 - 12 years
Buildings	35 years
Improvements	15 years

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value of Financial Instruments:

Statement of Financial Accounting Standards No. 107, *Disclosures About Fair Value of Financial Instruments*, requires disclosure of the fair value of certain financial instruments. The book value of cash and cash equivalents, accounts receivable and accrued liabilities are reflected in the financial statements at fair value because of the short-term maturity of these instruments.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH:

At December 31, 2007 and 2006, the Company maintained cash balances in four local banks. The bank balances totaled $106,184 and $132,417 and the book balances totaled $75,247 and $116,895, respectively. The book balances include petty cash in the amount of $1,291 and $1,291 for the years ended December 31, 2007 and 2006, respectively.

Bank balances totaling $106,184 were insured by federal deposit insurance. Private fundraising monies are segregated from other funds and the bank and book account balances maintained by the Company are $15,935 and $16,401, respectively, and are included in the above totals.

3. INVESTMENTS:

At December 31, 2007 and 2006, the Company holds investments in Louisiana Asset Management Pool (LAMP) with a fair value of $14,650 and $34,090, respectively.

In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in the physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

3. INVESTMENTS: (Continued)

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment Grade (A-1/P-1) commercial paper of domestic United States corporations". Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than ninety days and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

4. PROPERTY AND EQUIPMENT:

Below is a summary of the Company's property and equipment at December 31, 2007 and 2006:

	2007	2006
Land	$ 127,000	$ 127,000
Parking lot	35,400	35,400
Buildings	365,679	365,679
Building improvements	51,552	46,096
Vehicles	1,138,240	1,106,473
Equipment	343,900	304,383
Communication equipment	246,913	246,913
Furniture and fixtures	129,134	129,134
	2,437,818	2,361,078
Less accumulated depreciation	(1,630,620)	(1,473,265)
Net property and equipment	$ 807,198	$ 887,812

Depreciation totaled $157,354 and $165,126 for the years ended December 31, 2007 and 2006, respectively.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

5. DONATED SERVICES:

Amounts have not been reflected in the financial statements for donated services because the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time in the fire company's program services.

All members of the Board of Directors serve without compensation.

6. ACCRUED ABSENCES:

The Company's paid operators accrue vacation at varying rates based on their term of service. At December 31, 2007 and 2006, eighteen employees had accumulated a total of $11,708 and $16,659, respectively, of unused vacation.

7. CAPITAL LEASE OBLIGATIONS:

On September 2, 1999, the Company executed a financing lease-purchase agreement with Government Capital Corporation for the acquisition of three 1999 Inferno Pumper fire trucks. This agreement is secured by the three fire trucks and the financing company holds titles to these apparatus. The lease obligation is amortized requiring ten annual payments of $66,599 due July 1 of each year and includes an interest charge of 6.037% per annum. The Company is solely responsible for any damages to, destruction of, repairs and/or maintenance of the trucks. The Company has the option to purchase the trucks "as is" at annual payment dates with written prior notification of not less than sixty days. Accrued interest expense recorded for this obligation at December 31, 2007 and 2006 was $3,684 and $5,370, respectively. On June 12, 2003, the Company executed an additional financing lease-purchase agreement for the acquisition of a 2003 Chevrolet Suburban. Sixty payments of $575.98 are due each month for the term of the lease. There is no interest charge. The total cost and accumulated depreciation recorded for the equipment financed by capital leases was $684,473 and $684,473, and $483,008 and $421,937, respectively, at December 31, 2007 and 2006.

Future value of minimum lease payments is as follows at December 31:

	2007	2006
Future minimum lease payments	$ 140,108	$ 210,741
Less: amount representing interest	(11,158)	(21,899)
Present value of net minimum lease payments	128,950	188,842
Less: current portion due within one year	(66,144)	(62,771)
Long-term capital lease obligation	$ 62,806	$ 126,071

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

7. CAPITAL LEASE OBLIGATIONS: (Continued)

Minimum future lease payments for each of the next three years:

	Total Minimum Lease Payments	Interest	Present Value of Future Minimum Capitalized Lease Obligations
2008	$ 73,510	$ 7,366	$ 66,144
2009	66,598	3,792	62,806
Totals	$ 140,108	$ 11,158	$ 128,950

8. EMPLOYEE BENEFIT PLANS:

On January 1, 1997, the Company established a 401(k) retirement plan for all eligible employees. Eligible employees must contribute up to 2% of their gross salary to be eligible for employer matching contributions. The maximum contribution may not exceed federal tax law limitations, which may be adjusted each year based on cost of living calculations. The maximum contribution by the Company is limited by federal tax law, and employer match is 100% of employee deferrals. In addition, the Company is allowed to make a discretionary profit sharing contribution for its eligible employees. Currently, the fire company will make an employer contribution of 4% for all eligible employees. December 31, 2007 and 2006, the Company contributed a total of $17,956 and $12,920, respectively, to the plan.

9. EXPENSES PAID BY OTHERS:

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received varies based on years of service. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements.

10. SOCIAL FUNDS:

The Company maintains separate funds derived from social activities. During the years ended December 31, 2007 and 2006, the Company collected $3,482 and $4,368, respectively, from all social activities and recognized expenses totaling $15,125 and $7,553, respectively.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

11. ECONOMIC DEPENDENCY, FIRE PROTECTION CONTRACT:

Substantially all of the Company's public support is derived from funds provided by Jefferson Parish. The Company has a contract with Jefferson Parish, effective June 1, 2004, under which the Company receives one-third of certain ad valorem taxes assessed within the Eighth Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates.

Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

12. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

13. RENTAL INCOME/GROUND LEASE AGREEMENT:

On April 15, 2001, the Company signed a ground lease agreement with Trinity Wireless Towers, Inc. for the construction of a wireless communication transmissions and reception facility on its premises. The Trinity Wireless Towers, Inc. agreement requires rent to be paid at an annual sum of $13,200 payable in equal monthly installments. The initial terms of the ground lease are for a five-year period commencing on the thirteenth day following the completion of the facility. The agreement has automatic renewal terms for ten successive five-year periods unless written termination is provided by the Company within thirty days prior to expiration of the term or any renewal term. The Company is responsible for providing twenty-four hour seven days a week access to the premises and the maintenance of any existing access roadway to the facility.

During 2007 and 2006, the Company received $13,200 and $15,983, respectively, under this agreement.

14. GRANTS:

During 2006, the Company received a grant from the United States Department of Homeland Security, Office for Domestic Preparedness. The purpose of the grant is to upgrade and replace the radio system. The total amount received and expended during 2007 and 2006 was $9,931 and $130,651, respectively.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 13, 2008

To the Board of Directors
Marrero-Ragusa Volunteer Fire
Company No. 3
Marrero, Louisiana

We have audited the financial statements of Marrero-Ragusa Volunteer Fire Company (a nonprofit organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marrero-Ragusa Volunteer Fire Company's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects Marrero-Ragusa Volunteer Fire Company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency 07-01 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more that a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Marrero-Ragusa Volunteer Fire Company's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weakness. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marrero-Ragusa Volunteer Fire Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Marrero-Ragusa Volunteer Fire Company's response to the finding in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Marrero-Ragusa Volunteer Fire Company's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY, NO. 3
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Marrero-Ragusa Volunteer Fire Company for the year ended December 31, 2007 was unqualified.

2. Internal Control
   Material weaknesses: None
   Significant deficiency: 7-01

3. Compliance and Other Matters
   Noncompliance material to financial statements: none noted

INTERNAL CONTROL – SIGNIFICANT DEFICIENCY

07-01 Posting of Salary Expense and Related Liabilities to the General Ledger

Condition — Salary expense, payroll taxes and related liabilities did not agree to 941 forms filed quarterly with IRS. This is a repeat finding.

Criteria — Proper internal control procedures must be in place and operational to ensure that salary expense, payroll taxes and related liabilities are correctly posted to the general ledger.

Cause — Lack of internal control procedures and training.

Effect — The general ledger does not contain accurate information in the various personnel related expense accounts throughout the year.

Recommendation — Although some improvement has been noted in the current year, Marrero-Ragusa should provide additional training for the employee performing the postings to the general ledger. Additionally, the salary expense and related liabilities should be reconciled quarterly to the 941 forms to ensure that the expenses and liabilities were properly posted to the general ledger.

Management's Action Plan — We will continue to provide additional training for our employee performing accounting duties. In addition, we will implement procedures that require knowledgeable personnel to reconcile the salary expenses and related liabilities per the general ledger on a quarterly basis to the 941 forms.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY, NO. 3
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

INTERNAL CONTROL – MATERIAL WEAKNESS

06-01 Accurate Classification of Transactions

This finding has been resolved.

06-02 Fixed Asset Inventory

This finding has been resolved.

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

06-03 Accounting Policies and Procedures Manual Needed

This finding has been resolved.

06-04 Posting of Salary Expense and Related Liabilities to the General Ledger

Salary expense, payroll taxes, and related liabilities were incorrectly posted. A similar comment is repeated as 07-01.